WAL★MART

ANNUAL REPORT 1993

WAL★MART®

ALWAYS THE LOW PRICE.

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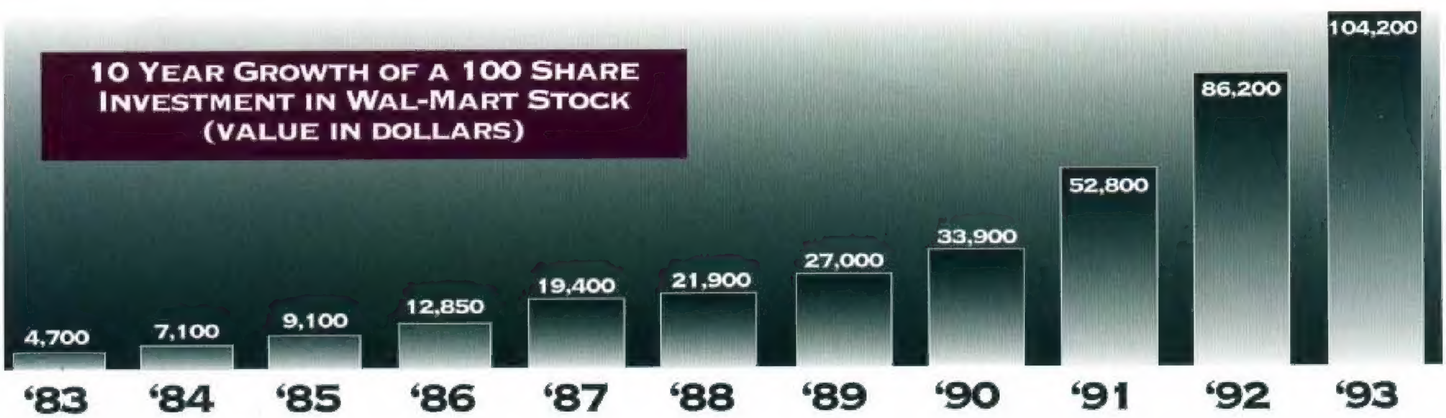

The above graph reflects the closing fiscal year end valuations of a 100 share purchase of Wal-Mart Stores, Inc. common stock made on January 31, 1983 at $47.00 per share. The two-for-one stock splits distributed July, 1983; October, 1985; July, 1987; and July, 1990; increased the original 100 shares to 1,600 shares valued at $65.125 per share on January 31, 1993. The two-for-one stock split authorized January, 1993, was distributed February, 1993.

Cover Photo—U.S.A., Mt. Ranier, Washington

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FINANCIAL HIGHLIGHTS

January 31,	1993	1992
Net sales	**$55,483,771,000**	$ 43,886,902,000
Net income	**1,994,794,000**	1,608,476,000
Net income per share*	**.87**	.70
Shareholders' equity	**8,759,180,000**	6,989,710,000
Return on shareholders' equity	**28.5%**	30.0%
Common stock outstanding at year end*	**2,299,638,166**	2,298,056,024
Stores in operation at year end:		
Wal-Mart Stores	**1,880**	1,720
Sam's Clubs	**256**	208

MARKET PRICE OF COMMON STOCK

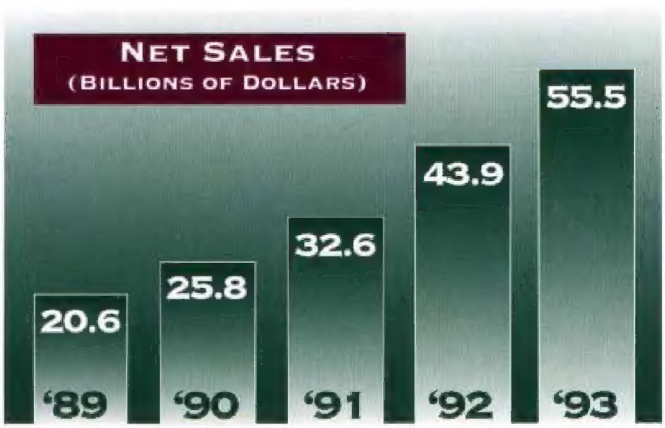
Fiscal years ended January 31,

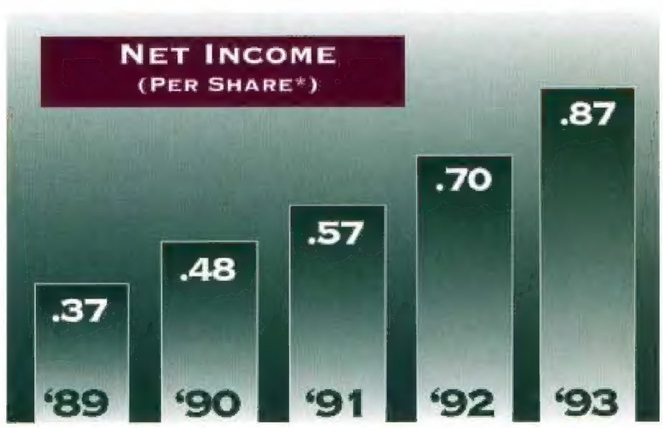
	1993*		1992*	
Quarter	High	Low	High	Low
April 30	$27.75	$25.69	$22.13	$16.69
July 31	27.94	25.75	23.44	19.94
October 31	31.00	27.94	25.75	23.13
January 31	32.88	29.50	29.57	23.00

DIVIDENDS PAID PER SHARE

Fiscal years ended January 31,

1993* Quarterly		1992* Quarterly	
April 2	$.02625	April 8	$.02125
July 3	.02625	July 5	.02125
October 5	.02625	October 4	.02125
January 6	.02625	January 3	.02125





* Restated to reflect the two-for-one stock split on February 25, 1993

DEAR PARTNER:

Imagine... record sales and earnings, the addition of over 34.5 million square feet of store and club space, the redesign and evolutionary development of store concepts, the purchasing and distribution of over 850,000 trailer loads of merchandise, and you will begin to share our pride in our Wal-Mart Family, all 434,000 Associates. We attempt to provide our Associates the very best in technology, education opportunity and facilities; but, make no mistake about it, it is their dedication and hard work that continue to **make the difference** at Wal-Mart.

FINANCIAL HIGHLIGHTS

- Sales increased to $55,483,771,000 from $43,886,902,000 a year earlier, a 26 percent increase. Sales in comparable stores and clubs, those units which were open at least 12 months as of January 31, 1992, increased 11 percent. Our comparable sales gain for this past year was achieved in a very low inflationary environment and should such an environment persist, future gains will become increasingly challenging. Sales in comparable units, measured per gross square foot of total discount store space, grew to $297, up from $265.
- Net income was $1,994,794,000, a 24 percent increase, equivalent to 87 cents per share, compared with $1,608,476,000 or 70 cents per share last year.
- As a result of our continuing strong performance, broad acceptance in the financial markets, and the Board's confidence in the Company's future, the Board authorized a two-for-one stock split January, 1993, to be paid and distributed February, 1993. In March, 1993, the Board also approved an increase in the dividend to 13 cents per share from 10.5 cents per share last year, an increase of 24 percent. Return on beginning of the year shareholders' equity was 29 percent. Shareholders' equity grew $1,769,470,000 to $8,759,180,000 at year end.

OPERATIONAL HIGHLIGHTS

SAM'S CLUBS

- Sam's Clubs are a very significant competitor in what we believe is still a dynamic and growing warehouse club industry. 133 new clubs in just three years have more than doubled the number of clubs and spread Sam's from Maine to California. Over 7.4 million square feet of club space were added this past year in 48 new clubs and 40 relocations or expansions, increasing Sam's total club space to 30.7 million. Sam's comparable club sales increased nine percent and total sales increased to $12,339,346,000 from $9,430,157,000 last year, a 31 percent increase. The warehouse club industry is becoming increasingly competitive, with additional club space in most markets appearing likely. Disinflation in some merchandise categories and competitive pressures only serve to challenge our club Associate-Partners and heighten our confidence in them.
- Sam's plans for calendar 1993 include a record 65 new clubs and 20 relocation or expansion projects. Reconfiguration and new club prototype designs are planned for 1993 as well. Major emphasis is being placed on better understanding the merchandise needs of our business members and improving member service along with creating a new level of excitement in merchandise presentation.

WAL-MART STORES

- "Making technology pay" is a phrase frequently used within our Wal-Mart stores as the newest equipment, software, and communications are applied to reduce costs and improve productivity. Our aim is the simplification of what we do, elimination of waste, and access to more meaningful information. Radio frequency technology has enabled us to put more and higher quality sales and inventory information in the hands of our store Associates. As a result, suggested ordering quantities on many items are now available to our Associates on a real-time basis to assist them in the task of keeping our stores replenished and in-stock.
- We opened 161 new Wal-Mart stores and expanded or relocated an additional 170 stores, including 24 Wal-Mart Supercenters. This expansion broadened our trade territory to 45 states, adding Connecticut, Idaho, Maine, Massachusetts, Montana, Oregon, and the territory of Puerto Rico. Wal-Mart store space increased to 152.6 million square feet, an 18 percent increase from last year.
- Calendar 1993 plans include 150 new Wal-Mart stores plus 100 store expansions or relocations. Hawaii, Rhode Island, and Washington will receive their first Wal-Mart stores as a result of this new store growth.

WAL-MART SUPERCENTERS

- Wal-Mart Supercenters, our discount store-supermarket combination units, have served as powerful relocation vehicles bringing improved physical facilities and drawing power to existing markets. These stores reflect a complete one-stop shopping commitment through the introduction of a complete deli, fresh bakery and complementary convenience shops, such as: portrait studios, dry cleaners, optical shops, and hair salons. In addition to the relocation of existing Wal-Mart stores, this year's planned 40 Supercenters also include our first introduction of a Supercenter into a new market, Rio Grande City, Texas.

McLANE & WESTERN MERCHANDISERS

- McLane and Western, our specialty distribution subsidiaries, experienced record sales and earnings this past year. McLane now serves over 30,000 convenience stores and independent grocers. Excluding inter-company transactions, McLane's sales increased 16 percent to $2,910,710,000.
- In November, 1992, McLane acquired two distribution and certain food processing facilities of The Southland Corporation, enhancing McLane's nationwide distribution network. In addition, McLane entered into a service agreement with Southland that opens up a number of new supply opportunities with convenience stores across the United States.
- Clarksville, Arkansas, is the home of McLane's first full-line grocery distribution center. This 705,000 square foot center will open Spring, 1993, and will serve Wal-Mart Supercenters. A second center will open in the Fall of 1993, in Temple, Texas.

DISTRIBUTION

- Logistics, distribution centers, and transportation - the Wal-Mart distribution team is a key in our ability to remain competitive. Our 22 centers, averaging almost one million square feet, received and shipped more than 769 million cases to our stores this past year. Our private fleet enables customized cost-efficient delivery to our stores, accommodating peak seasonal periods, night deliveries, and accelerated delivery. Our 2,500 drivers and 16,000

distribution Associates' hard work and commitment to continuous improvement make this investment in centers and equipment pay by improving the in-stock position of our stores and making just-in-time inventory management a reality for us and our vendors.

- Two new full-line centers in Menomonie, Wisconsin, and Clearfield, Pennsylvania, plus a specialty center in Hurricane, Utah, and a long-term storage facility in Buckeye, Arizona, are planned for fiscal 1994.

INTERNATIONAL

- "Global Economy" - Our world is shrinking and we all must prepare to compete on a world-wide basis. We believe all of our principles and many of our concepts are exportable.
- Mexico has been profitable, but just as importantly, a tremendous learning experience. In our joint venture with CIFRA, Mexico's largest retailer, we presently have three Club Aurreras, four Bodegas discount stores, and one Aurrera combination store. Calendar 1993 and 1994 plans call for aggressive expansion of these operations plus the introduction of the first Wal-Mart Supercenters in Monterrey and Mexico City.

STRATEGIC HIGHLIGHTS

- This past year our Associates were able to reduce our operating, selling, and general and administrative expenses as a percentage of sales to 15.00 percent. Our commitment to be the low cost provider of merchandise to our customers has never been greater. Strong comparable store sales and a radical expense consciousness that refuses to allow unproductive expenditures to creep in, are the key to future reductions. The importance of our consistent decline in expenses of the past three years, from 15.77 percent in fiscal year ending 1990, to this year's 15.00 percent, can best be illustrated by re-calculating this year's net income of $1.9 billion, using the 1990 expense ratio. A whopping $269,000,000 of profits would have been consumed in unnecessary expenses. Future reductions depend upon making technology pay and incorporating all our Associates' best ideas for improvement and expense control.
- It is our task to continue to operate like a small company, one store, one club at a time, affirming that every Associate is vital and key to our collective success. Technology has made the timely sharing of information much faster and more detailed. All Associates may now share key messages simultaneously over our private satellite communication systems. Nothing, however, can replace our heritage of one-on-one attention, small group discussions, and a willingness and the empowerment to try new ideas and find solutions at the level where the work is done and the customer is served.
- Sharing profits and, probably more importantly, the credit, as Mr. Sam so consistently advocated are keys to Associate involvement and the fundamentals upon which our "Yes We Can, Sam!" program is founded. Thousands of great ideas are generated and we believe the ideas of our Home Office Associates which simplified, improved, or eliminated work, resulting in a savings of over $85 million, are representative. Join us in saluting our annual Home Office winners: Greg Bailey, Barbara Carson, Daniel Cartwright, Lisa Collins, Kathy DeWitt, Cyndi Driggs, Jill Elias, Lorrie Engelman, DeeDee Forsythe, Janet Hudgins, Rick Jolliff, Susan Lackie, Mike Lewis, Bonnie Sanchez, Lisa Smith, Rogina Ungerer, and Carol Vaughn. Congratulations and thank you!
- Diversity within Wal-Mart is the key to our continued ability to know, understand, and serve the needs of our customers throughout this decade and into the next century. We plan to apply the same level of Wal-Mart energy to address this opportunity as would be applied to any other. We have a wonderful opportunity to draw upon internal resources and have done so, achieving noteworthy improvement at the store and club operation level, particularly in utilizing women. We plan further improvement in regard to women and minority talent.
- We are excited about the recent additions of Dr. Frederick S. Humphries, the President of the leading minority university, Florida A & M University, and Betsy Sanders, an experienced retailing talent, to our Board of Directors.
- When we began our "Buy American" efforts in 1985, we weren't focused on who might or might not get the credit; we did it because we believed it was the right thing to do, right for American manufacturers, right for American workers, and right for Wal-Mart. We still believe it is right! As a result of our efforts, hundreds and hundreds of items previously manufactured overseas are now made in the USA by American workers. We are committed to work even harder.
- Our commitment to serve our customers, Associates, and country extends far beyond the delivery of quality merchandise at low everyday prices. Our concern for our environment, the quality education of every American, and a commitment to the American manufacturers has never been greater.

Our business has become large; we believe our growth is a product of our Associates' commitment. We do not now have, and frankly never have had, specific numeric goals of size or status. Our focus has always been to take care of our customers, take care of one another by treating folks as they want to be treated, embrace innovation and change, and then address growth opportunities as they present themselves. The pursuit of quality, not quantity, through continuous improvement must remain our objective.

We are listening. We hear you Associates, partners, customers, vendors - America. We hear you! Our past performance makes no special allowance for maintenance of the status quo, nor exemptions from market forces demanding greater productivity. We believe that you, our partners, share our expectation for Wal-Mart's continuous improvement. We are confident, not in any single person or any small group of management, but in our 434,000 Associates. We've been talking and listening with them, and we are convinced that together the opportunities which lie ahead are far greater than the achievements of our past.

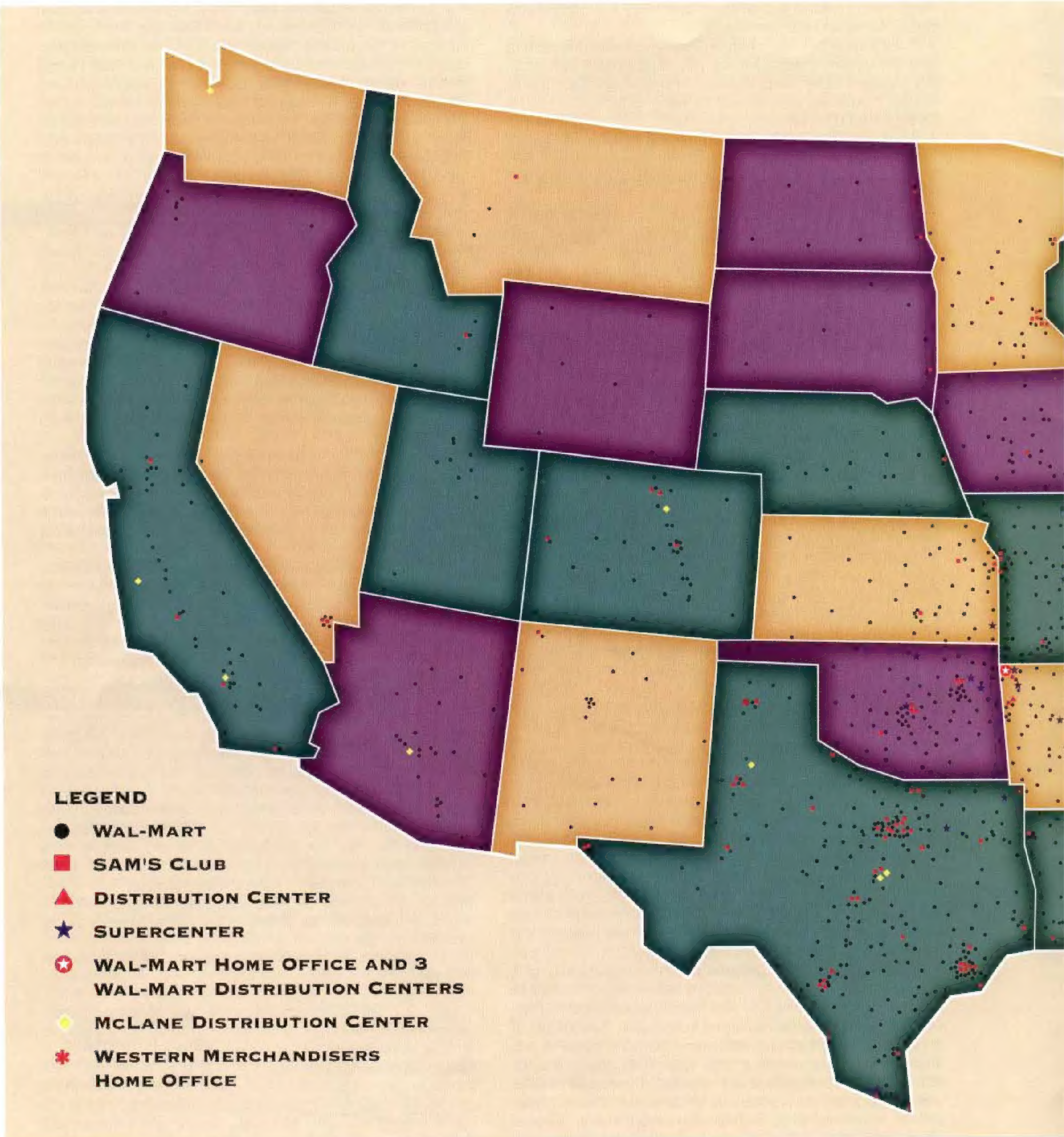
Thank you for your confidence in the Associates of Wal-Mart.

S. Robson Walton
Chairman of the Board

Donald G. Soderquist
Vice Chairman and
Chief Operating Officer

David D. Glass
President and Chief Executive Officer

Trade Territory Map



	Wal-Mart	Sam's
Alabama	74	7
Arizona	28	
Arkansas	77	4
California	43	3
Colorado	32	3
Connecticut	1	1
Delaware	2	1
Florida	122	23
Georgia	83	9
Idaho	5	1
Illinois	97	18
Indiana	65	12
Iowa	43	3
Kansas	43	3
Kentucky	66	4
Louisiana	74	9
Maine	6	2
Maryland	7	2
Massachusetts	2	2
Michigan	22	6
Minnesota	27	7
Mississippi	57	3
Missouri	105	9
Montana	2	1
Nebraska	16	1
Nevada	5	2
New Hampshire	7	2
New Jersey	3	2
New Mexico	19	1
New York	16	3
North Carolina	74	8
North Dakota	8	2
Ohio	42	16
Oklahoma	81	6
Oregon	12	
Pennsylvania	26	5
Puerto Rico	2	
South Carolina	49	5
South Dakota	8	1
Tennessee	86	7
Texas	229	44
Utah	11	
Virginia	37	6
West Virginia	10	3
Wisconsin	47	9
Wyoming	9	
	1,880	256

WAL-MART STORES, INC. AND SUBSIDIARIES

(Dollar amounts in thousands except per share data.)	1993	1992
OPERATING RESULTS		
Net sales	**$55,483,771**	$43,886,902
Net sales increase	**26%**	35%
Comparative store sales increase	**11%**	10%
Rentals from licensed departments and other income-net	**500,793**	402,521
Cost of sales	**44,174,685**	34,786,119
Operating, selling, and general and administrative expenses	**8,320,842**	6,684,304
Interest costs:		
Debt	**142,649**	113,305
Capital leases	**180,049**	152,558
Provision for federal and state income taxes	**1,171,545**	944,661
Net income	**1,994,794**	1,608,476
Per share of common stock*:		
Net income	**.87**	.70
Dividends	**.11**	.09
FINANCIAL POSITION		
Current assets	**$10,197,590**	$ 8,575,423
Inventories at replacement cost	**9,779,981**	7,856,871
Less LIFO reserve	**511,672**	472,572
Inventories at LIFO cost	**9,268,309**	7,384,299
Net property, plant, equipment and capital leases	**9,792,881**	6,433,801
Total assets	**20,565,087**	15,443,389
Current liabilities	**6,754,286**	5,003,775
Long-term debt	**3,072,835**	1,722,022
Long-term obligations under capital leases	**1,772,152**	1,555,875
Preferred stock with mandatory redemption provisions	–	–
Shareholders' equity	**8,759,180**	6,989,710
FINANCIAL RATIOS		
Current ratio	**1.5**	1.7
Inventories/working capital	**2.7**	2.1
Return on assets **	**12.9%**	14.1%
Return on shareholders' equity **	**28.5%**	30.0%
OTHER YEAR-END DATA		
Number of Wal-Mart Stores	**1,880**	1,720
Number of Sam's Clubs	**256**	208
Average Wal-Mart Store size	**81,200**	75,000
Number of Associates	**434,000**	371,000
Number of Shareholders	**180,584**	150,242

* Restated to reflect the two-for-one stock split announced January 22, 1993.

** On beginning of year balances.

1991	1990	1989	1988	1987	1986	1985	1984
$32,601,594	$25,810,656	$20,649,001	$15,959,255	$11,909,076	$8,451,489	$6,400,861	$4,666,909
26%	25%	29%	34%	41%	32%	37%	38%
10%	11%	12%	11%	13%	9%	15%	15%
261,814	174,644	136,867	104,783	84,623	55,127	52,167	36,031
25,499,834	20,070,034	16,056,856	12,281,744	9,053,219	6,361,271	4,722,440	3,418,025
5,152,178	4,069,695	3,267,864	2,599,367	2,007,645	1,485,210	1,181,455	892,887
42,716	20,346	36,286	25,262	10,442	1,903	5,207	4,935
125,920	117,725	99,395	88,995	76,367	54,640	42,506	29,946
751,736	631,600	488,246	441,027	395,940	276,119	230,653	160,903
1,291,024	1,075,900	837,221	627,643	450,086	327,473	270,767	196,244
.57	.48	.37	.28	.20	.15	.12	.09
.07	.06	.04	.03	.02	.02	.01	.01
$ 6,414,775	$ 4,712,616	$ 3,630,987	$ 2,905,145	$ 2,353,271	$1,784,275	$1,303,254	$1,005,567
6,207,852	4,750,619	3,642,696	2,854,556	2,184,847	1,528,349	1,227,264	857,155
399,436	322,546	291,329	202,796	153,875	140,181	123,339	121,760
5,808,416	4,428,073	3,351,367	2,651,760	2,030,972	1,388,168	1,103,925	735,395
4,712,039	3,430,059	2,661,954	2,144,852	1,676,282	1,303,450	870,309	628,151
11,388,915	8,198,484	6,359,668	5,131,809	4,049,092	3,103,645	2,205,229	1,652,254
3,990,414	2,845,315	2,065,909	1,743,763	1,340,291	992,683	688,968	502,763
740,254	185,152	184,439	185,672	179,234	180,682	41,237	40,866
1,158,621	1,087,403	1,009,046	866,972	764,128	595,205	449,886	339,930
–	–	–	–	–	4,902	5,874	6,411
5,365,524	3,965,561	3,007,909	2,257,267	1,690,493	1,277,659	984,672	737,503
1.6	1.7	1.8	1.7	1.8	1.8	1.9	2.0
2.4	2.4	2.1	2.3	2.0	1.8	1.8	1.5
15.7%	16.9%	16.3%	15.5%	14.5%	14.8%	16.4%	16.5%
32.6%	35.8%	37.1%	37.1%	35.2%	33.3%	36.7%	40.2%
1,573	1,402	1,259	1,114	980	859	745	642
148	123	105	84	49	23	11	3
70,700	66,400	63,500	61,500	59,000	57,000	55,000	53,000
328,000	271,000	223,000	183,000	141,000	104,000	81,000	62,000
122,414	79,929	80,270	79,777	32,896	21,828	14,799	14,172

RESULTS OF OPERATIONS

Sales for the three fiscal years ended January 31, 1993, and the respective total and comparable store percentage increases over the prior year were:

Fiscal Year ended January 31,	Sales	Total company increases	Comparable stores increases
1993	$55,484,000,000	26%	11%
1992	43,887,000,000	35	10
1991	32,602,000,000	26	10

Sales increases were primarily due to the productivity of comparable stores, the contribution of new stores (161 Wal-Mart stores - one was closed - and 48 Sam's Clubs in fiscal 1993; 148 Wal-Mart stores - one was closed - and 61 Sam's Clubs - one club was closed and 28 clubs were acquired from The Wholesale Club - in fiscal 1992; 176 Wal-Mart stores - five were closed - and 25 Sam's Clubs in fiscal 1991), and the sales of the McLane Company, Western Merchandisers, and Phillips.

The Sam's Clubs and McLane Company contributed the following sales for the periods indicated:

Sam's Clubs		McLane Company	
Fiscal Year ended January 31,	Sales	Fiscal Year ended January 31,	Sales
1993	$12,339,000,000	1993	$2,911,000,000
1992	9,430,000,000	1992	2,515,000,000
1991	6,579,000,000	1991	337,000,000

Cost of sales as a percentage of sales increased .4% in fiscal 1993 as compared with fiscal 1992, and increased 1% in 1992 as compared with fiscal 1991. The increase was due primarily to a lower markon on purchases as a result of the Company's "everyday low price" program. Also, the cost of sales in the Sam's Clubs and McLane Company is significantly higher as a percent of sales than the balance of the Company due to a lower markon on purchases. Since together, Sam's and McLane contributed a higher portion of sales each year, the consolidated cost of sales, as a percentage, is impacted.

Operating, selling, and general and administrative expenses as a percentage of sales decreased .2% in fiscal 1993 as compared with fiscal 1992, and decreased .6% in fiscal 1992 as compared with fiscal 1991. The decreases were due to reduced payroll and payroll-related benefits and taxes resulting from the Company's continuing focus on cost control and efficiencies. The expense ratios to sales in Sam's Clubs and the McLane Company are also much lower than in Wal-Mart stores, and since the combined sales volume in Sam's and McLane are proportionally higher from one year to the next, the consolidated expense ratio is favorably affected.

Interest costs increased in fiscal 1993 and 1992 as a result of increased indebtedness in each of the years. See NOTE 2 of Notes to Consolidated Financial Statements for additional information on interest and debt.

The effective tax rate was 37.0% in fiscal 1993 and 1992, and 36.8% in fiscal 1991. See NOTE 4 of Notes to Consolidated Financial Statements for additional information on taxes.

LIQUIDITY/CAPITAL RESOURCES

FISCAL 1993

Cash provided from operations was $1,278,277,000 in fiscal 1993. These funds combined with long-term borrowings of $1,366,812,000 and issuances of commercial paper were used to finance capital expenditures of $3,756,364,000 (excluding leased properties) for fixtures, equipment, and leasehold improvements, to pay dividends, to provide general working capital and to finance the building of 99 Wal-Mart stores and 45 Sam's Clubs, the funding of the operations of acquired companies, and the construction of two distribution centers. Real estate developers provided financing to build 27 additional Wal-Mart stores and three Sam's Clubs, and 35 Wal-Mart stores were financed with sale/leaseback transactions.

The Company had committed lines of credit with 11 banks at January 31, 1993, totalling $750,000,000 and informal lines of credit with various banks totalling an additional $1,010,000,000 which were used to support short-term borrowings and commercial paper. At January 31, 1993, $171,175,000 were available under these facilities. These lines of credit, together with anticipated cyclical increases will be sufficient to finance the seasonal buildups in merchandise inventories and interim financing requirements for store properties developed under sale/leaseback arrangements.

For fiscal 1994, the Company's anticipated expansion program includes 150 new Wal-Mart stores and 100 relocations or expansions of existing Wal-Mart stores, 65 new Sam's Clubs and 20 relocations or expansions of existing Sam's Clubs, 40 Supercenters, and six distribution centers. Total planned capital expenditures for 1994 approximates $3,500,000,000. The Company anticipates 15% to 20% of its expansion program will be financed with leases from developers and sale/leaseback transactions. The remaining expenditures will be funded with a combination of issuance of long-term debt, short-term debt, and internally generated funds.

The Company continues to develop its interests in Mexico pursuant to a joint venture with CIFRA, Mexico's largest retailer, in which both companies will share in future growth opportunities in the retail, wholesale, distribution, and related businesses in Mexico. The joint venture is not expected to have a material effect on the Company's financial position or results of operations in 1994.

In the third quarter of fiscal 1993, the Company issued five-year notes totalling $500,000,000 and seven-year notes totalling $500,000,000. During the fourth quarter, the Company received proceeds of $343,480,000 from sale/leaseback transactions that were accounted for as financings. Subsequent to January 31, 1993, the Company issued an additional $750,000,000 of debt securities. Proceeds from these issues were used to support the Company's expansion program and general working capital needs.

The Company's debt (including obligations under capital leases)-to-equity ratio increased to .56:1 at the end of fiscal 1993 as compared with .47:1 at the end of the preceding year.

In view of the Company's significant liquid assets, its consistent ability to generate cash flows from operations and the availability of external financing, the Company foresees no difficulty in providing financing necessary to fund its expansion programs and working capital needs for the foreseeable future.

Statement of Financial Accounting Standard (SFAS) No. 109 "Accounting for Income Taxes" becomes effective for the Company in fiscal 1994. The statement requires deferred income taxes to be recorded using the liability method. This pronouncement will not have a material effect on the Company's financial statements. SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other than Pensions" establishes standards of accounting and reporting for employers that offer such benefits. This statement will also be effective for the Company's fiscal year ended January 31, 1994, and it will have no effect on the Company's financial statements.

Return on shareholders' equity is a measure of the Company's effectiveness in the use of its resources. It measures the relationship of net income to beginning of the year shareholders' equity. The Company's returns on shareholders' equity for the three years ended January 31, 1993, 1992, and 1991, were 28.5%, 30.0%, and 32.6%, respectively.

After restating for the two-for-one stock split announced January 22, 1993, dividends for fiscal 1994 have been increased to 13 cents per share from 10.5 cents per share, payable quarterly at 3.25 cents per share.

FISCAL 1992

Cash provided from operating activities was $1,356,713,000. The Company had access to $725,000,000 in lines of credit to support short term borrowing and the issuance of commercial paper.

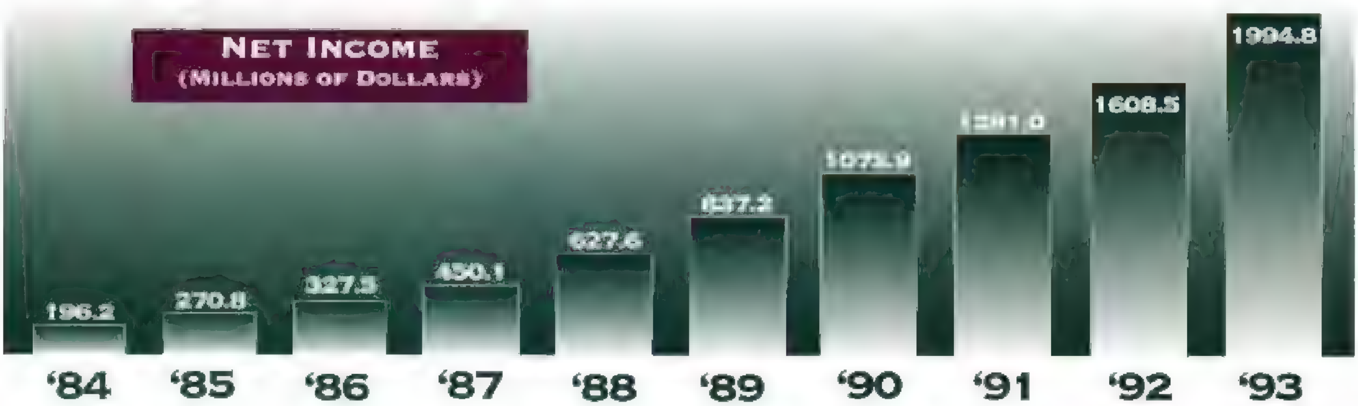
Payments for purchase of property, plant, and equipment totaled $1,805,303,000, excluding leased store properties, and were financed with a combination of internally generated funds, sale/leaseback transactions, leases from developers, and the issuance of $1,009,822,000 of long-term debt. The debt-to-equity ratio increased to .47:1 in fiscal 1992 from .36:1 in fiscal 1991.

Consolidated Statements of Income

Wal-Mart Stores, Inc. and Subsidiaries

(Amounts in thousands except per share data.)	Fiscal year ended January 31,		
	1993	1992	1991
Revenues:			
Net sales	**$55,483,771**	$43,886,902	$32,601,594
Rentals from licensed departments	**36,035**	28,659	22,362
Other income-net	**464,758**	373,862	239,452
	55,984,564	44,289,423	32,863,408
Costs and expenses:			
Cost of sales	**44,174,685**	34,786,119	25,499,834
Operating, selling, and general and administrative expenses	**8,320,842**	6,684,304	5,152,178
Interest costs:			
Debt	**142,649**	113,305	42,716
Capital leases	**180,049**	152,558	125,920
	52,818,225	41,736,286	30,820,648
Income before income taxes	**3,166,339**	2,553,137	2,042,760
Provision for federal and state income taxes:			
Current	**1,136,918**	906,183	737,020
Deferred	**34,627**	38,478	14,716
	1,171,545	944,661	751,736
Net income	**$ 1,994,794**	$ 1,608,476	$ 1,291,024
Net income per share	**$ .87**	$ .70	$ .57

See accompanying notes.



WAL-MART STORES, INC. AND SUBSIDIARIES

(Amounts in thousands.)	January 31, 1993	1992
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 12,363**	$ 30,649
Receivables	**524,555**	418,867
Recoverable costs from sale/leaseback	**312,016**	681,387
Inventories:		
At replacement cost	**9,779,981**	7,856,871
Less LIFO reserve	**511,672**	472,572
LIFO	**9,268,309**	7,384,299
Prepaid expenses	**80,347**	60,221
TOTAL CURRENT ASSETS	**10,197,590**	8,575,423
PROPERTY, PLANT, AND EQUIPMENT, AT COST:		
Land	**1,692,510**	1,077,658
Buildings and improvements	**4,641,009**	2,569,095
Fixtures and equipment	**3,417,230**	2,683,481
Transportation equipment	**111,151**	86,491
	9,861,900	6,416,725
Less accumulated depreciation	**1,607,623**	1,338,151
Net property, plant, and equipment	**8,254,277**	5,078,574
Property under capital leases	**1,986,104**	1,724,123
Less accumulated amortization	**447,500**	368,896
Net property under capital leases	**1,538,604**	1,355,227
OTHER ASSETS AND DEFERRED CHARGES	**574,616**	434,165
Total assets	**$20,565,087**	$15,443,389
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Commercial paper	**$ 1,588,825**	$ 453,964
Accounts payable	**3,873,331**	3,453,529
Accrued liabilities	**1,042,108**	829,381
Accrued federal and state income taxes	**190,620**	226,828
Long-term debt due within one year	**13,849**	5,156
Obligations under capital leases due within one year	**45,553**	34,917
TOTAL CURRENT LIABILITIES	**6,754,286**	5,003,775
LONG-TERM DEBT	**3,072,835**	1,722,022
LONG-TERM OBLIGATIONS UNDER CAPITAL LEASES	**1,772,152**	1,555,875
DEFERRED INCOME TAXES	**206,634**	172,007
SHAREHOLDERS' EQUITY:		
Preferred stock ($.10 par value; 100,000 shares authorized, none issued)		
Common stock ($.10 par value; 5,500,000 shares authorized, 2,299,638 and 1,149,028 issued and outstanding in 1993 and 1992 respectively)	**229,964**	114,903
Capital in excess of par value	**526,647**	625,669
Retained earnings	**8,002,569**	6,249,138
TOTAL SHAREHOLDERS' EQUITY	**8,759,180**	6,989,710
Total liabilities and shareholders' equity	**$20,565,087**	$15,443,389

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

WAL-MART STORES, INC. AND SUBSIDIARIES

(Amounts in thousands except per share data.)	Number of shares	Common stock	Capital in excess of par value	Retained earnings	Total
BALANCE - JANUARY 31, 1990	566,135	$ 56,614	$180,465	$3,728,482	$3,965,561
Net income				1,291,024	1,291,024
Cash dividends ($.07 per share)				(158,889)	(158,889)
Exercise of stock options	156	15	1,327		1,342
Other	(34)	(4)	(1,626)		(1,630)
Two-for-one stock split	566,257	56,625	(56,625)		
Exercise of stock options	506	51	2,427		2,478
Shares issued for McLane acquisition	10,366	1,037	273,659		274,696
Tax benefit from stock options			6,075		6,075
Purchase of stock	(1,000)	(100)	(819)	(24,907)	(25,826)
Walton Enterprises, Inc. stock exchange			14,000		14,000
Other	(104)	(10)	(3,297)		(3,307)
BALANCE - JANUARY 31, 1991	1,142,282	114,228	415,586	4,835,710	5,365,524
Net income				1,608,476	1,608,476
Cash dividends ($.09 per share)				(195,048)	(195,048)
Exercise of stock options	914	91	8,379		8,470
Shares issued for acquisition of:					
The Wholesale Club	5,190	519	161,683		162,202
Western Merchandisers	655	66	27,934		28,000
Phillips	168	17	7,983		8,000
Tax benefit from stock options			12,555		12,555
Other	(181)	(18)	(8,451)		(8,469)
BALANCE - JANUARY 31, 1992	1,149,028	114,903	625,669	6,249,138	6,989,710
Net Income				1,994,794	1,994,794
Cash dividends ($.11 per share)				(241,363)	(241,363)
Exercise of stock options	1,046	105	12,668		12,773
Two-for-one stock split	1,149,819	114,982	(114,982)		
Tax benefit from stock options			18,036		18,036
Other	(255)	(26)	(14,744)		(14,770)
BALANCE - JANUARY 31, 1993	**2,299,638**	**$229,964**	**$526,647**	**$8,002,569**	**$8,759,180**

See accompanying notes

Consolidated Statements of Cash Flows

Wal-Mart Stores, Inc. and Subsidiaries

(Amounts in thousands.)	Fiscal year ended January 31,		
	1993	1992	1991
Cash flows from operating activities:			
Net income	**$1,994,794**	$1,608,476	$ 1,291,024
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**649,137**	475,352	346,614
Loss (gain) from sale of assets	**13,222**	(8,490)	3,378
Increase in accounts receivable	**(105,688)**	(113,603)	(58,324)
Increase in inventories	**(1,884,010)**	(1,459,649)	(1,087,520)
(Increase) decrease in prepaid expenses	**(20,126)**	(10,686)	11,823
Increase in accounts payable	**419,802**	709,757	689,435
Increase in accrued liabilities	**176,519**	117,078	84,739
Increase in deferred income taxes	**34,627**	38,478	14,716
Net cash provided by operating activities	**1,278,277**	1,356,713	1,295,885
Cash flows from investing activities:			
Payments for property, plant, and equipment	**(3,756,364)**	(1,805,303)	(1,388,298)
Recoverable sale/leaseback expenditures	**(25,588)**	(705,697)	(235,894)
Sale/leaseback arrangements and other property sales	**416,000**	369,226	91,000
Investment in foreign ventures	**(106,007)**	(18,945)	–
Other investing activities	**(34,365)**	10,838	7,058
Net cash used in investing activities	**(3,506,324)**	(2,149,881)	(1,526,134)
Cash flows from financing activities:			
Increase in commercial paper	**1,134,861**	58,452	30,405
Proceeds from issuance of long-term debt	**1,366,812**	1,009,822	500,306
Exercise of stock options	**16,039**	12,556	4,958
Dividends paid	**(241,363)**	(195,048)	(158,889)
Payment of long-term debt	**(7,306)**	(33,292)	(109,304)
Payment of capital lease obligation	**(59,282)**	(41,687)	(25,177)
Other financing activities	**–**	–	(11,826)
Net cash provided by financing activities	**2,209,761**	810,803	230,473
Net increase (decrease) in cash and cash equivalents	**(18,286)**	17,635	224
Cash and cash equivalents at beginning of year	**30,649**	13,014	12,790
Cash and cash equivalents at end of year	**$ 12,363**	$ 30,649	$ 13,014
Supplemental disclosure of cash flow information:			
Income tax paid	**$1,173,126**	$ 861,853	$ 721,036
Interest paid	**317,360**	235,954	116,134
Capital lease obligations incurred	**286,195**	433,858	100,972
Liabilities assumed in acquisitions	**–**	176,479	513,000

See accompanying notes

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Segment information - The Company and its subsidiaries are principally engaged in the operation of mass merchandising stores.

Consolidation - The consolidated financial statements include the accounts of all subsidiaries. Significant intercompany transactions have been eliminated in consolidation.

Cash and cash equivalents - The Company considers investments with a maturity of three months or less when purchased to be "cash equivalents."

Inventories - Inventories are stated principally at cost (last-in, first-out), which is not in excess of market, using the retail method for inventories in stores.

Pre-opening costs - Costs associated with the opening of new stores are expensed during the first full month of operations. The costs are carried as prepaid expenses prior to the store opening.

Recoverable costs from sale/leaseback - All costs of acquisition and construction of properties for which the Company plans to sell and leaseback within one year are accumulated in current assets until properties are sold.

Interest during construction - In order that interest costs properly reflect only that portion relating to current operations, interest on borrowed funds during the construction of property, plant, and equipment is capitalized. Interest costs capitalized were $80,007,000, $48,813,000 and $30,245,000 in 1993, 1992, and 1991, respectively.

Depreciation - Depreciation for financial statement purposes is provided on the straight-line method over the estimated useful lives of the various assets. For income tax purposes, accelerated methods are used with recognition of deferred income taxes for the resulting timing differences.

Operating, selling, and general and administrative expenses - Buying, warehousing, and occupancy costs are included in operating, selling, and general and administrative expenses.

Income taxes - Deferred income taxes are provided on timing differences between financial statement and taxable income.

Net income per share Net income per share is based on the weighted average outstanding common shares. The dilutive effect of stock options is insignificant and consequently has been excluded from the earnings per share computations.

Stock options - Proceeds from the sale of common stock issued under the stock option plans and related tax benefits which accrue to the Company are accounted for as capital transactions, and no charges or credits are made to income in connection with the plans.

Stock Split - On January 22, 1993, the Company announced a two-for-one stock split in the form of a 100% stock dividend. Consequently, stock option data and per share data have been restated to reflect the stock split.

NOTE 2

COMMERCIAL PAPER AND LONG-TERM DEBT

Information on short-term borrowings and interest rates follows:

	Fiscal year ended January 31,		
	1993	1992	1991
Maximum amount outstanding at month-end	$2,315,200,000	$1,013,000,000	$761,244,000
Average daily short-term borrowings	1,183,562,000	280,573,000	345,452,000
Weighted average interest rate	3.5%	5.6%	8.2%

NOTE 2 CONTINUED

At January 31, 1993, the Company had committed lines of credit of $750,000,000 with 11 banks and informal lines of credit with various banks totalling an additional $1,010,000,000, which were used to support short-term borrowings and commercial paper. Short-term borrowings under these lines of credit bear interest at or below the prime rate.

Long term debt at January 31 consists of:

		1993	1992
8⅝%	Notes due April 2001	$ 750,000,000	$ 750,000,000
5⅞%	Notes due September 1997	500,000,000	
6⅛%	Notes due October 1999	500,000,000	
9 1/10%	Notes due July 2000	500,000,000	500,000,000
6%-7%	Obligations from sale/leaseback transactions due 2012	343,480,000	
8%	Notes due May 1996	250,000,000	250,000,000
10⅞%	Debentures due August 2000	100,000,000	100,000,000
8⅛%-14⅛%	Mortgage notes due through 2020	44,468,000	40,696,000
	Tax-exempt mortgage obligations, at various rates due through 2014	35,344,000	30,581,000
8½%-9%	Participating Mortgage Certificates due 2005	37,397,000	37,489,000
	Other	12,146,000	13,256,000
		$3,072,835,000	$1,722,022,000

Long-term debt of $129,983,000 is collateralized by property with an aggregate carrying value of approximately $213,850,000. Annual maturities on long-term debt during the next five years are: 1994 - $13,849,000; 1995 - $28,934,000; 1996 $20,279,000; 1997 - $269,083,000; and 1998 - $519,215,000.

The Company has agreed to observe certain covenants under the terms of its note and debenture agreements. Among these are provisions relating to amounts of additional secured debt and long-term leases. The agreements relating to the Participating Mortgage Certificates contain provisions for contingent additional interest to be payable based on the sales performance of the Wal Mart stores collateralized by the issues.

During fiscal 1993, the Company entered into sale/leaseback transactions involving buildings while retaining title to the underlying land. These transactions were accounted for as financings. The resulting obligations will be amortized over the lease terms of 20 years. Future minimum lease payments for each of the five succeeding years as of January 31, 1993 are: 1994 - $7,811,000; 1995 - $16,045,000; 1996 - $14,553,000; 1997 - $14,628,000; and 1998 - $14,707,000.

The fair value of the Company's long-term debt approximates $3,357,000,000 based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amount of the short-term borrowings approximates fair value.

At January 31, 1993, the Company had letters of credit outstanding totalling $407,896,000. These letters of credit were issued primarily for the purchase of inventory.

The Company has guaranteed the indebtedness of a joint venture for the development of real estate in Puerto Rico. At January 31, 1993, the amount guaranteed was approximately $88,000,000.

Subsequent to January 31, 1993, the Company sold $500,000,000 of debt securities, bearing interest at 5⅜% and due in 1998, and $250,000,000 of debt securities, bearing interest at 6¾% and due in 2003.

NOTE 3

DEFINED CONTRIBUTION PLAN

The Company maintains a profit sharing plan under which most full and many part-time associates become participants following one year of employment with the Company. Annual contributions, based on the profitability of the Company, are made at the sole discretion of the Company. Contributions were $166,035,000 in 1993, $129,635,000 in 1992, and $98,327,000 in 1991.

NOTE 4

INCOME TAXES

Reconciliations of the statutory federal income tax rate to the effective tax rate, as a percent of pre-tax financial income, are as follows:

	1993	1992	1991
Statutory tax rate	34.0%	34.0%	34.0%
State income taxes	2.9	3.2	3.0
Other	.1	(.2)	(.2)
Effective tax rate	37.0%	37.0%	36.8%

Deferred tax expense results from timing differences in the recognition of revenue and expense between tax and financial reporting with respect to the following:

	1993	1992	1991
Depreciation	$67,933,000	$60,076,000	$44,144,000
Capital leases	(21,340,000)	(18,214,000)	(10,948,000)
Other	(11,966,000)	(3,384,000)	(18,480,000)
	$34,627,000	$38,478,000	$14,716,000

NOTE 5

ACQUISITIONS

In 1991, the Company acquired all of the outstanding common stock of McLane Company, Inc. In 1992, the Company acquired all of the outstanding common stock of The Wholesale Club, Inc., Western Merchandisers, Inc., and the Phillips Companies, Inc. During 1993, the Company acquired certain distribution facilities, inventory, and other assets of The Southland Corporation.

All acquisitions were accounted for as purchases and the results of their operations since the dates of their acquisition have been included in the results of operations of the Company. Pro forma results of operations are not presented due to insignificant differences from the historical results.

NOTE 6

STOCK OPTION PLANS

At January 31, 1993, 28,699,876 shares of common stock were reserved for issuance under stock option plans. The options granted under the stock option plans expire 10 years from date of grant and may be exercised in nine annual installments. Further information concerning the options is as follows:

	Shares	Option price per share	Total
Shares under option			
January 31, 1990	14,206,804	$ .49-10.66	$ 96,215,999
Options granted	2,881,108	10.25-14.50	40,750,955
Options cancelled	(521,836)	2.40-13.50	(4,663,722)
Options exercised	(1,636,112)	.49-10.66	(3,820,491)
January 31, 1991	14,929,964	.58-14.50	128,482,741
Options granted	1,271,378	17.69-27.25	30,396,157
Options cancelled	(755,698)	1.44-23.75	(7,646,727)
Options exercised	(1,827,344)	.58-14.50	(8,469,581)
January 31, 1992	13,618,300	.67-27.25	142,762,590
Options granted	4,072,464	25.75-30.82	118,430,550
Options cancelled	(1,133,740)	.67-30.82	(13,559,903)
Options exercised	(2,092,512)	.67-27.25	(12,773,453)
January 31, 1993 (2,799,248 shares exercisable)	14,464,512	$ .67-30.82	$234,859,784
Shares available for option:			
January 31, 1992	17,223,452		
January 31, 1993	14,235,364		

NOTE 7

LONG-TERM LEASE OBLIGATIONS

The Company and certain of its subsidiaries have long-term leases for stores and equipment. Rentals (including, for certain leases amounts applicable to taxes, insurance, maintenance, other operating expenses, and contingent rentals) under all operating leases were $313,346,000 in 1993, $285,856,000 in 1992, and $267,455,000 in 1991. Aggregate minimum annual rentals at January 31, 1993, under noncancelable leases are as follows:

	Fiscal years	Operating leases	Capital leases
	1994	$ 250,513,000	$ 235,534,000
	1995	241,113,000	234,914,000
	1996	234,948,000	234,833,000
	1997	240,302,000	234,575,000
	1998	230,250,000	233,782,000
	Thereafter	2,341,094,000	2,984,596,000
Total minimum rentals		$3,538,220,000	4,158,234,000
Less estimated executory costs			65,283,000
Net minimum lease payments			4,092,951,000
Less imputed interest at rates ranging from 8.0% to 14.0%			2,275,246,000
Present value of net minimum lease payments			$1,817,705,000

NOTE 7 CONTINUED

Certain of the leases provide for contingent additional rentals based on percentage of sales. Such additional rentals amounted to $29,746,000 in 1993, $25,774,000 in 1992, and $23,204,000 in 1991. Substantially all of the store leases have renewal options for additional terms from five to 25 years at the same or lower minimum rentals.

The Company has entered into lease commitments for land and buildings for 61 future locations. These lease commitments with real estate developers or through sale/leaseback arrangements provide for minimum rentals for 15 to 25 years, excluding renewal options, which if consummated based on current cost estimates will approximate $48,433,000 annually over the lease terms.

NOTE 8

QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarters ended			
1993	April 30,	July 31,	October 31,	January 31,
Net sales	$11,649,430,000	$13,028,445,000	$13,683,824,000	$17,122,072,000
Cost of sales	9,256,326,000	10,416,519,000	10,884,911,000	13,616,929,000
Net income	386,955,000	420,448,000	437,804,000	749,587,000
Net income per share	$.17	$.18	$.19	$.33
1992				
Net sales	$9,280,570,000	$10,339,972,000	$10,627,500,000	$13,638,860,000
Cost of sales	7,330,165,000	8,208,077,000	8,402,750,000	10,845,127,000
Net income	306,953,000	345,893,000	353,200,000	602,430,000
Net income per share	$.13	$.15	$.16	$.26

REPORT OF INDEPENDENT AUDITORS

THE BOARD OF DIRECTORS AND SHAREHOLDERS
WAL-MART STORES, INC.

We have audited the accompanying consolidated balance sheets of Wal-Mart Stores, Inc., and Subsidiaries as of January 31, 1993 and 1992, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended January 31, 1993 These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wal-Mart Stores, Inc. and Subsidiaries at January 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 1993, in conformity with generally accepted accounting principles.

Tulsa, Oklahoma
March 26, 1993

Ernst + Young

Responsibility for Financial Statements/Corporate Information

The financial statements and information of Wal Mart Stores, Inc. and Subsidiaries presented in this Report have been prepared by management which has responsibility for their integrity and objectivity. These financial statements have been prepared in conformity with generally accepted accounting principles, applying certain estimates and judgments based upon currently available information and management's view of current conditions and circumstances. The services of certain specialists, both from within and outside the Company, have been utilized in making such estimates and judgments.

Management has developed and maintains a system of accounting and controls, including an extensive internal audit program, designed to provide reasonable assurance that the Company's assets are protected from improper use and that accounting records provide a reliable basis for the preparation of financial statements. This system is continually reviewed, improved, and modified in response to changing business conditions and operations and to recommendations made by the independent auditors and the internal auditors. Management believes that the accounting and control systems provide reasonable assurance that assets are safeguarded and financial information is reliable.

The Company has adopted a Statement of Responsibility which is intended to guide our management in the continued observance of high ethical standards of honesty, integrity and fairness in the conduct of the business and in accordance with the law. Compliance with the guidelines and standards is periodically reviewed and is acknowledged in writing by all management associates.

The Board of Directors, through the activities of its Audit Committee consisting solely of outside Directors, participates in the process of reporting financial information. The duties of the Committee include keeping informed of the financial condition of the Company and reviewing its financial policies and procedures, its internal accounting controls, and the objectivity of its financial reporting. Both the Company's independent auditors and the internal auditors have free access to the Audit Committee and the Board of Directors and meet with the Committee periodically, with and without management present.

Paul R. Carter
Executive Vice President and
Chief Financial Officer

Corporate Information

Registrar and Transfer Agent

Boatmen's Trust Company
510 Locust Street
Post Office Box 14768
St. Louis, Missouri 63178

Trustees

5½%, 6¼%, 8% and 8⅝% Notes:
First National Bank of Chicago
One First National Plaza
Suite 126
Chicago, Illinois 60670

9¼% Notes:
Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

10⅝% Debentures:
Bankers Trust Company
4 Albany Street
Ninth Floor
New York, New York 10015

Participating Mortgage Certificates I & II:
Boatmen's Trust Company
510 Locust Street
P.O. Box 14737
St. Louis, MO 63178

Pass Through Certificates
1992-A-1-7.49%
First Security Bank of Utah, N.A.
Corporate Trust Department
79 South Main Street
P.O. Box 30007
Salt Lake City, Utah 84130

Pass Through Certificates
1992-A-2-8.07%
First Security Bank of Idaho, N.A.
1119 N. 9th Street
Boise, Idaho 83701

Independent Auditors

Ernst & Young
4300 One Williams Center
Tulsa, Oklahoma 74172

Listings

New York Stock Exchange
Stock Symbol: WMT

Pacific Stock Exchange
Stock Symbol: WMT

Corporate Address:

Wal-Mart Stores, Inc.
Bentonville, AR 72716
501/273-4000

Annual Meeting

Our Annual Meeting of Shareholders will be held on Friday, June 4, 1993, at 10:00 a.m. in Barnhill Arena on the University of Arkansas campus Fayetteville, Arkansas. You are cordially invited to attend. A proxy statement, including a request for proxies, will be mailed to shareholders in early May, 1993.

Investors' Inquiries
Form 10-K Report

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993, as filed with the Securities and Exchange Commission, may be obtained without charge by writing to:

10-K Report
Wal-Mart Stores, Inc.
Bentonville, AR 72716-8611

Doing the right thing.

Much of our success at Wal-Mart can be attributed to one simple philosophy. If you treat people right, good things will happen.

For Wal-Mart Associates, treating people right is a passion. It's a fundamental principle around here. We focus on our customers' needs in our stores, and we make every effort to treat our friends and neighbors right in the communities in which we work. We recognize that what is in *their* best interest, is in *our* best interest.

Fortunately for us at Wal-Mart, it's an easy thing to do because Wal-Mart Associates *do* care. We pride ourselves in being good neighbors and good citizens.

This personal involvement that has always characterized Wal-Mart Associates has very naturally come to characterize our company as well. It has helped to define our culture. As our Associates' involvement has grown, so has our commitment in many important areas.

Three of these commitments have led to major initiatives and are highlighted on the following pages. They demonstrate our efforts to buy American whenever we can, to help create a cleaner and safer environment and to support education at all levels.

I am extremely proud of the contributions our Associates have made and in their personal involvement to advance these efforts to new levels of effectiveness.

Perhaps Sam Walton defined our culture best when he said, "Wal-Mart is ordinary people joined together to accomplish extraordinary things." I firmly believe that even as the pace of change in the world continues to accelerate, what defines Wal-Mart will *never* change.

We will always aspire to do what is right and challenge ourselves to make a difference.

David Glass

Made in America makes a difference.

The Buy American program demonstrates a long-standing Wal-Mart commitment to our customers that we will buy American-made products whenever we can if those products deliver the same quality and affordability as their foreign-made counterparts.

It also exemplifies a *partnership* that we have developed with our American vendors and suppliers to seek out products that can be manufactured here competitively and to help facilitate their re-introduction to the American marketplace.

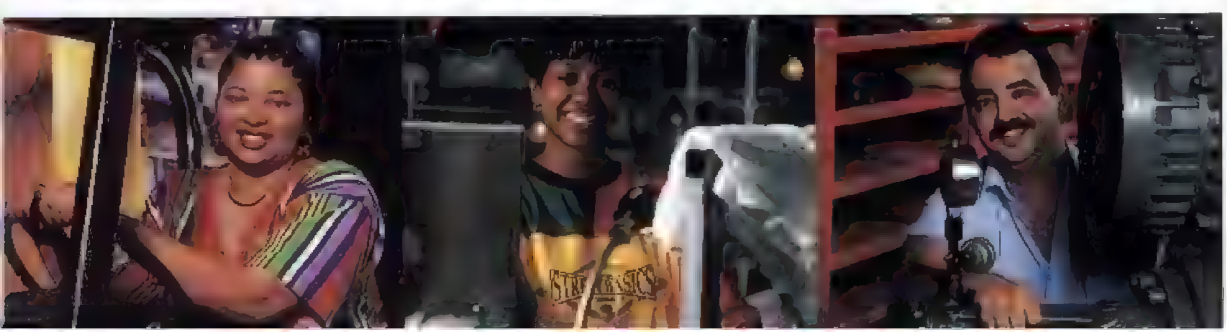
We have never said that we always buy American. We wish we could. But many times we have paid a premium to get products that were previously made overseas to be manufactured here.

Last year, Wal-Mart challenged Kalikow Brothers, a long time vendor-partner, to move production of a popular men's shorts back from the Orient to the states. By working together, we were able to relocate the manufacturing to a plant in Lake Butler, Florida. Over 125 jobs were added. A second plant has been rejuvenated in the process.

A maker of ladies' foundation garments in Blackwell, Oklahoma, Southwest Cupid, adapted modular concepts introduced at a seminar sponsored by Wal-Mart and one of the vendor's fabric suppliers. As a result of these efforts, they were able to bring production back from Haiti and Jamaica. Because of our increased orders for their Lady Manhattan brand, they are opening a new plant in concert with the Native American community located in Hominy, Oklahoma.

These are just two examples of conversions that Wal-Mart has helped facilitate from offshore to domestic manufacturing. There are many more.

Whatever can be competitively made in the USA, should be. It won't happen overnight. It might not happen in every industry and every category. But to keep trying is the right thing to do, and Wal-Mart will not let up in its efforts.



We can create a cleaner, safer environment.

As serious as environmental challenges are becoming—pollution, global warming, overpopulation, waste of resources and others—the real hurdle is in the mistaken collective belief that we simply can't do anything about them.

At Wal-Mart, we *know* we can do something, because we know our people. They have *proven* they can make a difference. So all of us are working harder to understand the environmental issues, to communicate them more effectively and to do the right things in all of our stores across America.

It is important to note that our program was not designed to sell a particular product, promote a private label or capitalize on a politically correct cause. The truth is reason enough: The health of our planet is at stake. Our customers know it, and we know it.

Last year our stores together with their communities recycled approximately 442,000 tons of paper and plastic. In partnership with our vendors, we now print *all* of our circulars on recycled paper. Each year, we buy more products made of recycled materials, and we challenge our vendor-partners to find alternatives that are more environmentally responsible. These efforts have resulted in hundreds of product or packaging improvements.

Our customers want to help, too. So we help them by collecting motor oil and batteries and establishing neighborhood recycling centers, often placing bins in our store parking lots until permanent centers can be established. To encourage environmental efforts by our school children, we are involved with programs like Kids For A Clean Environment. To date, this international organization has over 30,000 members in local clubs across America. We print and distribute materials and newsletters, and we help fund an 800 number. In one of our most ambitious efforts, we are building an experimental Wal-Mart store of the future.

Opening in the Spring of 1993 in Lawrence, Kansas, this unique store is designed to be environmentally friendly in every way possible. We believe it will create new markets for recycled products and construction techniques. It will serve as a working laboratory for students. It will become a dynamic experiment in testing new environmental ideas.

We realize we have barely begun. But with the support of Wal-Mart's customers, shareholders and our vendor-partners, we are certain we can create a cleaner and a safer environment for our children.

Our future is in today's classrooms.

Times have changed. It used to be that anyone who was bright and willing to work hard could succeed. Today, to succeed, our young people must also be extremely well educated and well trained.

We recognize that in our global economy, the future of America depends on improving education at every level. Because the future of Wal-Mart depends on it as well, we have a vested interest in doing the right thing in education.

Wal-Mart aims its efforts at all levels and all grades. In the grade schools, we encourage our Associates to participate as teachers' aids and PTA volunteers. In our colleges, the Wal-Mart Foundation and the Walton Foundation (established by the Walton family), provide scholarship funding to students willing to help work their way through school.

But new approaches, and new creative solutions, must be tried as well.

We are supportive of private efforts that demonstrate new and innovative ways to help American schools educate our young people in new ways. An amount equal to the proceeds of Sam's autobiography has been earmarked for just such exciting initiatives.

To help America secure its place in the 21st century, we have recently launched our most ambitious program yet—the Competitive Edge Scholarship Fund. In partnership with like-minded vendor-partners and interested colleges throughout the country, we are funding scholarships in technological fields such as computers, engineering, telecommunications, aerospace, electronics and throughout the sciences.

THE COMPETITIVE EDGE SCHOLARSHIP FUND

Students who qualified according to the guidelines set by our partners in the educational community have already received hundreds of Competitive Edge Scholarships. These are just the beginning. To help further this program, Wal-Mart has committed proceeds from the sale of Sam's American Choice products to The Competitive Edge Fund.

The importance of improving education cannot be overstated. We *must* help kids who are motivated find the opportunities to educate themselves. Our future depends on it, and the future of America depends on it.

The few dollars we invest in that effort now will come back to all of us many times over.

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